

## Message Text

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ACTION AF-04

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P R 300951Z MAY 74

FM AMEMBASSY ADDIS ABABA

TO SECSTATE WASHDC PRIORITY 9224

INFO AMEMBASSY MOGADISCIO

USCINCEUR

S E C R E T ADDIS ABABA 6028

LIMDIS

E.O. 11652: GDS

TAGS: PFOR, MASS, ET, US

SUBJECT: COMMENTARY ON MILITARY ASSISTANCE DISCUSSION  
WITH PRIME MINISTER

REF: ADDIS 5866

1. SUMMARY. WHILE INCREMENT OF \$20-25 MILLION OF MILITARY ASSISTANCE RECENTLY REQUESTED BY PRIMIN WOULD BE GREATLY APPRECIATED BY PRESENT GOVERNMENT, WE BELIEVE IT WOULD NOT SOLVE PROBLEM OF SOMALI THREAT. WE RECOMMEND THAT USG REPLY TO PRIMIN INCLUDE DISCUSSION OF USG ATTITUDE TOWARDS POSSIBLE IEG CASH PURCHASE OF MILITARY EQUIPMENT EXCEEDING \$25 MILLION PRESENTLY CONTEMPLATED. IN OUR VIEW USG SHOULD EMPHASIZE ITS BELIEF THAT IEG HAS MORE URGENT CLAIMS ON ITS CASH RESOURCES THAN THIS, EVEN WITHIN MILITARY SPHERE.

2. IT SHOULD NOT BE SURPRISING THAT PRIMIN HAS RECENTLY REQUESTED FURTHER INCREASE IN MILITARY ASSISTANCE PROGRAM FOR FY-74 AND FY-75. WE BELIEVE HIS MILITARY ADVISERS WITHIN IEMF ARE CONVINCED THAT PRESENT PROGRAM IS INSUFFICIENT FOR  
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DEFENSE OF OGADEN, PARTICULARLY WHEN EQUIPMENT PACKAGE

CURRENTLY UNDER CONSIDERATION CONTAINS NO GROUND ANTI-AIRCRAFT WEAPONS. THEIR FEARS THAT PRESENT PROGRAM IS INSUFFICIENT TO PREVENT INITIAL SOMALI SUCCESSES FOLLOWED BY AN OAU-IMPOSED CEASEFIRE AND COLLAPSE OF EXISTING ETHIOPIAN GOVERNMENT CANNOT IN FACT BE DISMISSED AS FOOLISH NIGHTMARES.

3. FACT THAT IEG NOW TALKING IN RANGE OF \$20-25 MILLION INCREMENT INDICATES, HOWEVER, THAT IEG NOW HAS MUCH LESS UNREALISTIC IDEA OF POTENTIAL US ASSISTANCE THAN HAS HITHERTO BEEN CASE. MOREOVER, PARTICIPANTS IN JOINT CONFERENCE ON MILITARY ASSISTANCE HELD HERE MAY 27 STATED THAT IEMF HAS NOW DECIDED TO ALTER ITS STRATEGIC CONCEPT FOR DEFENSE OF OGADEN FROM ONE OF IMMEDIATE DEFENSE AT BORDER TO ONE OF MOBILE DEFENSE IN DEPTH. THIS REPRESENTS A FAR MORE REALISTIC AND SENSIBLE IEMF STRATEGY.

4. IN COMMENTING ON PRIMIN'S PLEA OF APRIL 13 FOR EMERGENCY MILITARY ASSISTANCE (ADDIS 4228), WE EXPRESSED BELIEF THAT A MINOR INCREASE IN US MILITARY ASSISTANCE PROGRAM WOULD NOT REALLY CHANGE DIMENSIONS OF ETHIOPIA'S MILITARY PROBLEM. WE CONTINUE TO BELIEVE THIS IS THE CASE. ALTHOUGH AN INCREMENT OF \$20-25 MILLION WOULD BE GREATLY APPRECIATED BY PRESENT GOVERNMENT, IT WOULD BY NO MEANS SOLVE PROBLEM OF SOMALI THREAT AND WE WOULD ANTICIPATE LATER PRESSURE FOR A LARGE FY-76 PROGRAM.

5. COMMENTS OF PRIMIN AND KIFLE CLEARLY INDICATE THAT IEG MAY BE WILLING INCREASE ITS CASH PURCHASES BEYOND CURRENT \$25 MILLION OFFER. SUCH AN IEG REQUEST CANNOT BE ANSWERED BY SAME ARGUMENTS REGARDING FINANCIAL RESTRAINTS THAT WE HAVE USED IN RELATION TO GRANT AND CREDIT. THE ISSUE OF WHETHER TO PERMIT LARGER CASH SALES SHOULD THEREFORE BE ADDRESSED IMMEDIATELY BY USG.

6. A USG ATTITUDE OF "IT'S THEIR MONEY; LET THEM SPEND IT" HAS A CERTAIN APPEAL. THE ISSUE IS MORE COMPLEX, HOWEVER, AND INVOLVES FOLLOWING QUESTIONS:  
(A) SHOULD IEG SPEND ITS MEAGER RESOURCES ON DEFENSE RATHER THAN SOCIAL/ECONOMIC DEVELOPMENT? WHILE IT IS TRUE THAT IEG IS PARTY MOST ENTITLED JUDGE THIS ABSOLUTELY VITAL ISSUE,

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IT IS ALSO TRUE THAT USG HAS A MAJOR INVESTMENT AND CONTINUING INTEREST IN THIS DEVELOPMENT. AT PRESENT WE HAVE NO IDEA WHAT IMPACT LARGE CASH PURCHASES OF US MILITARY EQUIPMENT WOULD HAVE ON IEG DEVELOPMENT BUDGET, THOUGH IT WILL CLEARLY BE A FUNCTION OF HOW RAPIDLY IEG MUST DRAW DOWN RESERVES TO PAY FOR EQUIPMENT.  
(B) WOULD IEG CASE PURCHASES BEYOND \$25 MILLION CAUSE DIFFICULTY IN CONGRESS FOR OUR ECONOMIC ASSISTANCE PROGRAM

TO ETHIOPIA?

(C) WILL LARGE CASH PURCHASES OF MILITARY EQUIPMENT CAUSE A REDUCTION IN ECONOMIC ASSISTANCE WHICH IBRD WILLING OFFER IEG? IT APPEARS TO US THAT EVEN THE \$25 MILLION CURRENTLY CONTEMPLATED FOR CASH PURCHASES MAY INVOLVE IEG IN PROBLEMS WITH IBRD BECAUSE OF LATTER'S GENERAL POLICY HIGHLY UNFAVORABLE TO INCREASED MILITARY EXPENDITURES. IN DISCUSSION REPORTED REFTEL I MENTIONED THIS PROBLEM TO PRIMIN BUT IT NEEDS FURTHER EMPHASIS IN SUBSEQUENT DISCUSSIONS.

(D) IF IEG CAN AFFORD EXPEND ADDITIONAL CASH FOR DEFENSE, SHOULD THIS BE SPENT FOR END ITEM INVESTMENT OR FOR INCREASES IN OPERATION/MAINTENANCE ITEMS IN THE MILITARY BUDGET? CHMAAG HAS CONTINUALLY HELD WITH IEMF THAT, IF THEY DECIDE TO SPEND INCREASED AMOUNTS FOR DEFENSE, FIRST MONEY SHOULD BE SPENT TO INCREASE SUPPORT FOR SUBSTANTIAL FORCE IN BEING, ON GROUNDS THAT THIS WOULD GIVE MORE DEFENSE RETURNS PER DOLLAR. HE HAS CONSISTENTLY NOTED GROSS DEFICIENCIES IN RUNNING COST RESOURCES, E.G., 13 PERCENT OF ONE DIVISION'S MAP VEHICLES DEADLINED FOR TIRES, TOO LITTLE FUEL TO EXERCISE TANKS ENOUGH TO KEEP SEALS FROM DRYING, IEAF HARDLY FLYING FOR ONE MONTH BECAUSE OF LACK OF FUEL, LACK OF VEHICLE BATTERIES, DELAYED SUPPLY RUNS BECAUSE OF LACK OF FUEL, ENGINE REGUILD FACILITY OPERATING ONLY ONE SHIFT BECAUSE OF LACK OF FUNDS, ETC. IT SHOULD ALSO BE NOTED THAT OPERATIONS/MAINTENANCE COSTS OF IEMF WILL INCREASE SUBSTANTIALLY AS EQUIPMENT CONTAINED IN PRESENT FY-74/75 PROGRAM COMES INTO USE.

7. IN VIEW OF PROBLEMS OUTLINED ABOVE, EMBASSY AND MAAG RECOMMEND THAT USG REPLY TO PRIMIN INCLUDE POINT THAT USG BELIEVES IEG SHOULD NOT CONSIDER INCREASED CASH MILITARY PURCHASES UNTIL IT IS CONFIDENT AND CAN DEMONSTRATE TO USG THAT:

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(A) SUCH CASH PURCHASES WOULD NOT BE UNREASONABLY PREJUDICIAL TO ITS DEVELOPMENT PROGRAM;

(B) IEG HAS ALLOCATED CONSIDERABLY MORE FUNDS FOR OPERATION/MAINTENANCE SUPPORT OF ITS CURRENT MILITARY FORCE; AND

(C) IEG HAS TAKEN APPROPRIATE PROGRAMMING AND BUDGETARY MEASURES TO PROVIDE ADEQUATE SUPPORT FOR NEW INVESTMENT ITEMS IT INTENDS TO PURCHASE WITH ASSISTANCE ALREADY APPROVED.

8. WE WILL CERTAINLY HEAR CONSIDERABLY MORE FROM IEG THAN WE HAVE TO DATE REGARDING THE LENGTHY LEAD TIMES ON MILITARY EQUIPMENT IN WHICH IT IS MOST INTERESTED. ANY PROGRESS WHICH CAN BE MADE IN REDUCING THESE LEAD TIMES WOULD BE HIGHLY DESIRABLE FROM STANDPOINT ETHIOPIA'S DEFENSE AS WELL AS OUR RELATIONS WITH IEG.

9. IN JOINT DISCUSSIONS OF MILITARY ASSISTANCE ON MAY 27 ETHIOPIAN PARTICIPANTS HEADED BY AMBASSADOR KIFLE MADE ANTICIPATED ATTEMPT TO OBTAIN A JUDGMENT FROM MAAG ON HOW MUCH EQUIPMENT IS REQUIRED TO MEET IEG MINIMUM OBJECTIVES IN EVENT OF SOMALI ATTACK. CHMAAG REFUSED OFFER SUCH JUDGMENT, PRINCIPALLY ON GROUNDS HE HAS NO AUTHORITY DO SO. SOME DISCUSSION OF POSSIBLE TRADEOFFS WITHIN PROGRAM PRESENTLY CONTEMPLATED THEN ENSUED. THESE DISCUSSIONS WILL CONTINUE AFTERNOON MAY 30.

10. DISCUSSIONS HERE OF FY-74 CREDIT PROGRAM ARE STILL HAMPERED TO SOME DEGREE BY LACK OF INFORMATION ON CREDIT TERMS. PLEASE EXPEDITE.

WYMAN

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## Message Attributes

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